

Children's Museum of Lake Charles, Inc.

FINANCIAL STATEMENTS AND  
ACCOUNTANTS' REVIEW REPORT

December 31, 2013

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# Stulb & Associates, APAC

Certified Public Accountants

James F. Stulb, C.P.A.  
Kristine S. Carter, C.P.A.

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Children's Museum of Lake Charles, Inc.  
Lake Charles, Louisiana

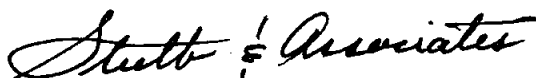
We have reviewed the accompanying statement of financial position of the Children's Museum of Lake Charles, Inc. (a nonprofit organization) as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The prior year summarized comparative information has been derived from the Organization's 2012 financial statements. The financial statements for the year ended December 31, 2012, were audited by us, and we expressed an unqualified opinion on them in our report dated April 26, 2013, but we have not performed any auditing procedures since that date.



June 20, 2014

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**Children's Museum of Lake Charles, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2013 (Reviewed) and 2012 (Audited)**

	<b>ASSETS</b>		
	<u><b>2013</b></u>	<u><b>2012</b></u>	
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 91,374.10	\$ 114,252.19	
Grants and contracts receivable	13,155.00	13,155.00	
Prepaid expense	-	1,273.77	
Inventory	<u>2,695.10</u>	<u>2,860.35</u>	
<b>Total Current Assets</b>	<b>107,224.20</b>	<b>131,541.31</b>	
<b>PROPERTY AND EQUIPMENT</b>			
Property and equipment	533,266.03	503,266.03	
Less: Accumulated Depreciation	<u>(247,993.83)</u>	<u>(210,536.99)</u>	
<b>Net Property and Equipment</b>	<b>285,272.20</b>	<b>292,729.04</b>	
<b>TOTAL ASSETS</b>	<b><u>\$ 392,496.40</u></b>	<b><u>\$ 424,270.35</u></b>	
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 4,442.45	\$ 3,417.97	
Accrued liabilities	<u>5,489.11</u>	<u>4,520.86</u>	
<b>Total Current Liabilities</b>	<b>9,931.56</b>	<b>7,938.83</b>	
<b>Total Liabilities</b>	<b>9,931.56</b>	<b>7,938.83</b>	
<b>NET ASSETS</b>			
Unrestricted			
Operating	84,137.64	85,447.48	
Property and equipment	285,272.20	292,729.04	
Temporarily Restricted	<u>13,155.00</u>	<u>38,155.00</u>	
<b>Total Net Assets</b>	<b><u>382,564.84</u></b>	<b><u>416,331.52</u></b>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 392,496.40</u></b>	<b><u>\$ 424,270.35</u></b>	

See accompanying notes and accountants' report

**Children's Museum of Lake Charles, Inc.**  
**STATEMENT OF ACTIVITIES**  
**For the year ended December 31, 2013 (Reviewed)**  
**With Comparative Totals for the Year Ended 2012 (Audited)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Admissions	\$ 164,700.25	\$ -	\$ 164,700.25	\$ 164,903.27
Birthday parties	40,054.00	-	40,054.00	54,420.50
Contributions - In kind	5,560.00	-	5,560.00	1,870.00
Contributions	9,338.91	-	9,338.91	2,167.43
Gift shop sales, net of cost of sales of \$3,667	2,669.79	-	2,669.79	4,098.43
Grants	-	4,506.67	4,506.67	31,895.07
Memberships	21,356.50	-	21,356.50	24,262.00
Miscellaneous	7,824.93	-	7,824.93	3,613.33
Special event	-	83,067.63	83,067.63	76,830.22
United Way	-	26,310.00	26,310.00	26,310.00
Net assets released from restriction	<u>138,884.30</u>	<u>(138,884.30)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>390,388.68</b>	<b>(25,000.00)</b>	<b>365,388.68</b>	<b>390,370.25</b>
<b>EXPENSES</b>				
Program expenses	268,789.16	-	268,789.16	276,569.82
Management and general	94,356.01	-	94,356.01	88,790.11
Fundraising	<u>36,010.19</u>	<u>-</u>	<u>36,010.19</u>	<u>29,968.95</u>
<b>TOTAL EXPENSES</b>	<b><u>399,155.36</u></b>	<b><u>-</u></b>	<b><u>399,155.36</u></b>	<b><u>395,328.88</u></b>
Change in Net Assets	(8,766.68)	(25,000.00)	(33,766.68)	(4,958.63)
Net Assets at Beginning of Year	<u>378,176.52</u>	<u>38,155.00</u>	<u>416,331.52</u>	<u>421,290.15</u>
Net Assets at End of Year	<u><u>\$ 369,409.84</u></u>	<u><u>\$ 13,155.00</u></u>	<u><u>\$ 382,564.84</u></u>	<u><u>\$ 416,331.52</u></u>

See accompanying notes and accountants' report

**Children's Museum of Lake Charles, Inc.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended December 31, 2013 (Reviewed)**  
**With Comparative Totals for the Year Ended 2012 (Audited)**

	<u>Supporting Services</u>			<u>Total</u>	
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>&amp; General</u>	<u>Fundraising</u>	<u>2013</u>	<u>2012</u>
Advertising	\$ 19,819.49	\$ -	\$ 11,100.00	\$ 30,919.49	\$ 32,119.34
Bank charges	-	3,726.95	-	3,726.95	3,235.48
Depreciation	33,711.16	3,745.68	-	37,456.84	39,580.99
Insurance	9,603.84	1,067.09	-	10,670.93	8,381.86
Office expense	3,787.57	420.84	-	4,208.41	4,205.80
Payroll taxes and benefits	21,087.11	12,854.59	2,500.74	36,442.44	33,544.58
Postage	1,593.92	177.10	-	1,771.02	1,783.20
Professional fees	-	6,150.00	-	6,150.00	6,150.00
Rent	48,330.00	5,370.00	-	53,700.00	55,808.00
Repairs and maintenance	1,854.34	206.04	-	2,060.38	4,089.80
Salaries	95,136.73	57,556.93	11,197.18	163,890.84	159,187.77
Supplies	14,497.10	928.80	11,212.27	26,638.17	27,401.51
Telephone	3,362.48	373.61	-	3,736.09	3,887.52
Utilities	16,005.42	1,778.38	-	17,783.80	15,953.03
	<u>\$ 268,789.16</u>	<u>\$ 94,356.01</u>	<u>\$ 36,010.19</u>	<u>\$ 399,155.36</u>	<u>\$ 395,328.88</u>

See accompanying notes and accountants' report

**Children's Museum of Lake Charles, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2013 (Reviewed) and 2012 (Audited)**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$(33,766.68)	\$ (4,958.63)
Adjustments to reconcile change in Net Assets:		
Depreciation	37,456.84	39,580.99
Contributions restricted for exhibits	-	(25,000.00)
Non-cash contributions in-kind	(5,000.00)	(1,800.00)
Decrease (Increase) in operating assets:		
Prepaid expense	1,273.77	56.66
Inventory	165.25	53.68
Increase (Decrease) in operating liabilities:		
Accounts Payable	1,024.48	(8,213.89)
Accrued Liabilities	968.25	(196.65)
Total Adjustments	<u>35,888.59</u>	<u>4,480.79</u>
<b>Net Cash Provided (Used) By Operating Activities</b>	2,121.91	(477.84)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property & equipment	<u>(25,000.00)</u>	<u>(25,000.00)</u>
<b>Net Cash Used By Investing Activities</b>	(25,000.00)	(25,000.00)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections for the purchase of exhibits	<u>-</u>	<u>25,000.00</u>
<b>Net Cash Provided by Financing Activities</b>	<u>-</u>	<u>25,000.00</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(22,878.09)	(477.84)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>114,252.19</u>	<u>114,730.03</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 91,374.10</u></u>	<u><u>\$114,252.19</u></u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
In-kind contributions:		
Exhibits	<u>\$ 5,000.00</u>	<u>\$ 1,800.00</u>

See accompanying notes and accountants' report

The Children's Museum of Lake Charles, Inc.

Notes to Financial Statements

December 31, 2013

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Children's Museum of Lake Charles, Inc. (the Museum) is presented to assist in understanding The Children's Museum's financial statements.

Nature of Activities

The Children's Museum of Lake Charles, Inc. is a museum established for the purpose of educating the children of Lake Charles, Louisiana and surrounding areas in the arts and sciences and to promote their understanding of themselves and the world around them. The Children's Museum support comes primarily from membership dues, admission fees, individual donors' contributions, and various government and art agency grants.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Income Tax Status

The Museum was incorporated under the laws of the State of Louisiana on January 14, 1988. The Corporation is operated exclusively for the charitable and educational services and has qualified for the exemption from federal and state income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Museum has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Internal Revenue Code. There is no unrelated business income for the year ended December 31, 2013.

Support and Revenue

All support is considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

The Museum considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.



The Children's Museum of Lake Charles, Inc.

Notes to Financial Statements

December 31, 2013

Property and Equipment

The Museum capitalizes all expenditures in excess of \$500 for property and equipment at cost, or if donated, at their estimated fair value on the date of donation. Depreciation is provided for in an amount sufficient to relate the cost of depreciable assets to operations over their estimated service lives on the straight-line basis. During the years ended December 31, 2013 and 2012, depreciation expense was \$37,457 and \$39,581, respectively.

Inventory

The gift shop inventory is stated at lower of cost or market using the first-in, first-out method. Obsolete items are expensed at the time such obsolescence is determined.

Compensated Absences

Full time employees receive five days of vacation for every six months worked, up to a maximum of fifteen days. Sick leave is granted in the amount of four hours for every month worked, up to a maximum of six months. Upon separation, employees are not paid for any unused vacation or sick leave. Since these benefits are not vested, there is no liability reflected in these financial statements.

Advertising Expense

The Museum expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2013 and 2012 was \$30,919 and \$32,119, respectively.

Financial Statement Presentation

The Museum prepares financial statements in accordance with FASB Accounting Standards Codification (ASC) 958-205 and subsections. Under these standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Museum is required to present a statement of cash flows.

Donated Materials and Services

Donated exhibits, materials, supplies, and advertising are reflected as revenues in the accompanying statements at their estimated values at date of receipt. Exhibits valued at \$5,000 are included in Contributions – In Kind. Advertising and supplies in the amount of \$13,548 are included in the Special Event revenue with a corresponding charge to fundraising expense. Volunteers have donated significant amounts of time to the Museum in furthering the Organization's programs and objectives. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

The Children's Museum of Lake Charles, Inc.

Notes to Financial Statements

December 31, 2013

NOTE B GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable represent amounts due from various governmental and non-profit agencies and are deemed to be fully collectible by management.

NOTE C TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Periods after December 31, 2013	\$13,155
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Net assets were released from donor/grantor restrictions by incurring expenses satisfying the restricted purposes or time restrictions specified by donors/grantors. The total amount released from restrictions during the year was \$138,884.

NOTE D PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of December 31, 2013:

	Balance <u>12/31/12</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/13</u>
Leasehold				
Improvements	\$ 6,736	\$ -	\$ -	\$ 6,736
Furniture and				
Fixtures	24,512	-	-	24,512
Exhibits	<u>472,018</u>	<u>30,000</u>	<u>-</u>	<u>502,018</u>
Total	503,266	30,000	-	533,266
Accumulated				
Depreciation	<u>(210,537)</u>	<u>(37,457)</u>	<u>-</u>	<u>(247,994)</u>
Net Book Value	<u>\$292,729</u>	<u>\$ (7,457)</u>	<u>\$ -</u>	<u>\$ 285,272</u>

A model train exhibit is on display at the Museum, but the value has not been recorded in the Statement of Financial Position because title is held by the Lake Area Model Railroaders Club (Club). The Club assumes all liability for the maintenance, expansion, and repairs of the exhibit.

NOTE E CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash accounts in commercial banks. Accounts at the commercial banks are insured by the Federal Deposit Insurance Corporation up to \$250,000.

The Children's Museum of Lake Charles, Inc.

Notes to Financial Statements

December 31, 2013

NOTE F      FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. This requires the allocation of certain cost between programs and supporting services based on estimates made by management.

NOTE G      OPERATING LEASES

The Museum leases space for offices and program service under a month-to-month leasing contract. Rent expense for the years ending December 31, 2013 and 2012 was \$53,700 and \$55,808, respectively.

NOTE H      PRIOR PERIOD INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

NOTE I      SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 20, 2014, the date which the financial statements were available to be issued.